

FY 2003 BUDGET ADOPTION

Overview

- **Budget Process Outline**
- **Nature of the Budget Shortfall Problem**
- **Budget Prioritization Process**
 - **Public Input - Open House**
 - **Five Year Financial Forecast**
 - **Council Goals & Objectives Worksession**
- **City Manager's Proposed Budget**
- **Budget Adoption**

FY 2003 BUDGET PROCESS

- **Departmental Goals & Objectives Worksessions**
- **Budget Open House**
- **Five Year Financial Forecast**
- **Council Goals & Objectives Worksession**
- **City Manager's Proposed Budget**
- **11 Council Budget Worksessions**
- **Three Public Hearings**
- **Budget Adoption**

FY 2003 Forecast Shortfall

	FY 2002 Adopted	FY 2002 Re-Est	FY 2003 Forecast
Beginning Balance	30,960	50,034	9,433
Current Revenue	570,159	560,510	576,469
Total Avail. Resources	601,119	610,544	585,902
Current Svcs. Exp.	601,111	601,111	613,149
<i>Difference without Mandates/Policy Issues</i>	8	9,433	(27,247)
Mandates & Policy Issues	0	0	15,193
Total Expenditures	601,111	601,111	628,342
<i>Difference with Mandates/Policy Issues</i>	8	9,433	(42,440)

FY 2003 Forecast Shortfall (cont.)

- FY 2002 Beginning Balance: \$19.1 Million over estimate due
- FY 2002 Current Services Revenue Re-estimate: \$9.6 Million BELOW Budget
- FY 2002 Expenditures: at budget
- FY 2003 Projected Expenditures exclude one-time expenditures budgeted for FY 2002
- Current services expenditure estimates assume inflation adjustments & increased self-insurance fund assessments

FY 2003 Forecast Shortfall (cont.)

- FY 2003 Forecast Shortfall: \$42.4 Million
- Declining shortfalls in each subsequent year
- Assumes the following:
 - \$9.6 million in less FY 2002 revenue than budgeted for Sales Tax, CPS, interest earnings, fines and others
 - \$6.4 million in added FY 2003 costs for increased self-insurance assessments
 - \$10.65 million in added FY 2003 costs for recurring and one-time mandates
 - \$4.4 million to address Police contract and Living Wage policy issues in FY 2003

Budget Prioritization

- **City Council given opportunity to provide feedback on service priorities *before* preparation of City Manager's Proposed Budget**
- **Process centers around presentation of Five-Year Financial Forecast and annual City Goals and Objectives Worksession**
 - Worksession has been held each year since 1990 as integral part of budget process
- **Prioritization process has evolved from a single Goals & Objectives Worksession to annual set of multiple meetings designed to elicit public, community leader and civic group input prior to Council decision on budget priorities**

FY 2003 Budget Prioritization (Continued)

Budget Open House - May 13, 2002

- **Asked citizens** “What makes San Antonio a livable city?”
- **Objective - Develop a list of issues providing public input into the Council’s budget priority setting process**
- **Facilitator moderated the Open House**
- **Facilitator reviewed list at end of the meeting**
- **Copies of list made available the next day**
- **Council reviewed and finalized Preliminary Strategic Issues list during May 16 “B” Session with benefit of Open House input**

FY 2003 Budget Prioritization (Continued)

Five-Year Financial Forecast - June 6, 2002

- **Sets parameters for budget decisions**
- **Provides early assessment of near-term and long-term financial performance based on current trends and service requirements**
- **Strategic Issues: Direct and indirect impacts on the City as a service provider**
- **Economic Outlook: Forecasted trends in local and national economic conditions**
- **Forecasts of General Fund and eight other funds: Based on costs/revenues to support current level of services plus known mandated-added expenses**

FY 2003 Budget Prioritization (Continued)

Council Goals & Objectives Worksession - June 7, 2002

- **Develops proposed FY 2003 Budget Priorities**
 - Preliminary Strategic Issues List and Budget Open House results provided input
- **Facilitator used to aid in coming to consensus**
 - Consensus on budget priorities among Mayor and Councilmembers achieved in each of last three years
- **Attendees included:**
 - Mayor & Councilmembers
 - Community Sector and Citizen Council District Advisors
 - City Manager and Management Team Members
 - Department Heads
- **Final Budget Priorities approved at separate Council “B” Session meeting on June 13, 2002**

COUNCIL BUDGET PRIORITY CATEGORIES

- **Existing Infrastructure**
- **Public Safety**
- **Economic Development**
- **Housing and Neighborhood Development**
- **Human Development**
- **Environmental**
- **Parks & Libraries**
- **Charter Review/Governance**
- **Customer Service**

Proposed Budget Preparation & Review

*Management Team Budget Meetings
June/July 2002*

- **Opportunity for Departments to justify changes to current services budgets**
- **Information reviewed included:**
 - **Current Services Budgets/Fund Schedules**
 - **Updated Program Information and Departmental Goals & Objectives**
 - **Proposed Reductions Only**
 - **Focus was to balance the budget first, then address improvements**

Proposed Budget Preparation & Review

Management Team Budget Meetings June/July 2002 (Continued)

- **Initial set of reductions proposed by department insufficient to address shortfall**
- **At City Manager and Management Team direction, the budget staff worked with departments to find additional reduction, redirection and added revenue opportunities**
- **Only added expenditures considered were mandates, annexation-related expenses and net added costs associated with redirections**

Proposed Budget Preparation & Review (Continued)

*City Manager's Proposed Budget
August 2002*

- **City Manager and Management Team ultimately prepared a Proposed Budget reflecting Council Priorities balanced with projected revenue**

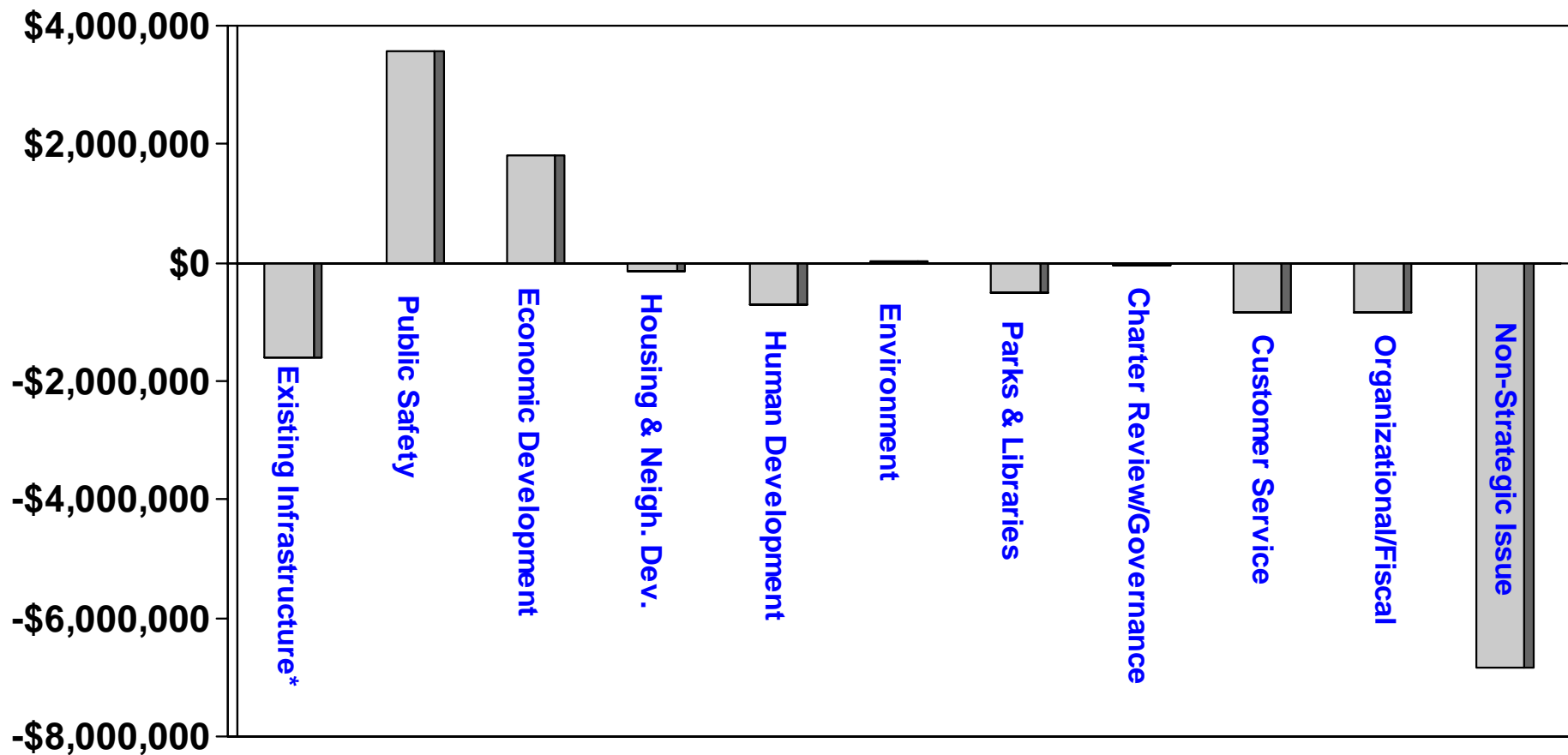
Proposed General Fund Reductions and Redirections Summary

- ✓ **Total Reductions & Redirections: \$18.5 M**
- ✓ **Reductions: \$17.7 M**
 - ➔ **Non-Council priority reductions: \$7.68 M**
 - ➔ **Reductions among 84 Council Priority Areas: \$9.27 M**
 - ➔ **Span of Control Study reductions: \$720 K**
- ✓ **Savings from Redirections: \$769 K**
- ✓ **Total of 318 positions proposed for elimination: 251 vacant and 67 filled**

Proposed Reductions and Redirections Summary (Continued)

- ✓ **Each department asked to submit reduction proposals equal to 5% of FY 2002 budget**
- ✓ **As part of overall reductions, all departments took across-the-board reductions worth \$6.28 M:**
 - ➔ **20% in wireless phone usage**
 - ➔ **50% in travel, education, dues, software, and subscriptions, non-After School Program recreational supplies, and food supplies**
 - ➔ **50% in expense allowance**
 - ➔ **58% in capital outlay**
 - ➔ **One-Time 42% in vehicle replacement charges**

Net Effect of Reduc./Redirects/Charge Off Savings and Improvements/Mandates FY 2003 Budget



*Existing Infrastructure total does not include proposed \$115 M G.O. Authorization in 2003 and \$40 M in Storm Water Fund Drainage Improvements

Proposed Budget Preparation & Review (Continued)

*City Council Budget Worksessions & Hearings
August/September 2002*

- **Departments presented their budgets and service delivery plans**
- **Special sessions on significant policy issues also were held**
- **Three public hearings and eleven budget worksessions**

Adopted Budget September 2002

- **City Council made minor amendments to Proposed Budget**
- **The net added value of Council amendments amounted to less than 1% of the overall budget**

Concluding Observations

- **Property Tax rate not increased for tenth straight years**
- **Achieving consensus is possible when stakeholders agree upon the process**
- **Communicate with staff with feedback, communicate with Council to get priorities, and communicate with the public with performance measures**
- **Measuring performance supports policy decision making, program planning, and service implementation**